

# THE WHITE HOUSE

Office of the Press Secretary

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## FACT SHEET Overview of the Foreign Narcotics Kingpin Designation Act

### Introduction

The Administration has released the names of three Mexican organizations against which the President has decided to impose sanctions pursuant to the Foreign Narcotics Kingpin Designation Act (the "Kingpin Act") (21 U.S.C. 1901-1908, 8 U.S.C. 1182). Kingpin Act targets, on a worldwide basis, significant foreign narcotics traffickers, their organizations, and operatives.

### Background

The Kingpin Act became law on December 3, 1999. Its purpose is to deny significant foreign narcotics traffickers, their related businesses, and their operatives access to the U.S. financial system and to prohibit all trade and transactions between the traffickers and U.S. companies and individuals. The Kingpin Act authorizes the President to take these actions when he determines that a foreign person plays a significant role in international narcotics trafficking. Congress modeled the Kingpin Act on the effective sanctions program that the Department of the Treasury's Office of Foreign Assets Control ("OFAC") administers against the Colombian drug cartels pursuant to Executive Order 12978 issued in October 1995 ("Executive Order 12978") under authority of the International Emergency Economic Powers Act ("IEEPA").

### Implementation

The Kingpin Act requires that the Secretary of the Treasury, the Attorney General, the Secretary of State, the Secretary of Defense, and the Director of the Central Intelligence Agency coordinate to identify drug kingpins and propose them to the President for sanctions. The Department of Homeland Security and the Directorate of National Intelligence are also included in the process. The Act calls for the President to report to specified congressional committees by June 1 of each year on those "foreign persons [he] determines are appropriate for sanctions" and stating his intent to impose sanctions upon those Significant Foreign Narcotics Traffickers pursuant to the Act. While previous Presidential determinations have been tied to the statutory June 1 timetable, the President may also identify Significant Foreign Narcotics Traffickers at any other time pursuant to the Act.

Under the Kingpin Act, the President may identify foreign entities as well as foreign individuals as Significant Foreign Narcotics Traffickers, or "kingpins": a foreign person is defined in the Act as "any citizen or national of a foreign state or any entity not organized under the laws of the United States, but does not include a foreign state." Likewise, the President is not required to designate Colombian persons exclusively under

Executive Order 12978, and may impose sanctions on a Colombian individual or entity under the Kingpin Act, which is intended to be global in scope.

The long-term effectiveness of the Kingpin Act is enhanced by the Department of the Treasury's authority (in consultation with appropriate government agencies and departments) under the Act to make derivative designations of foreign individuals and entities that provide specified types of support or assistance to designated traffickers, or that are owned or controlled by such traffickers, or that act on their behalf. This authority broadens the scope of application of the economic sanctions against kingpins to include their businesses and operatives. Including this year's action, the President has named a total of 78 Significant Foreign Narcotics Traffickers since the first set of kingpins was announced on June 1, 2000. The Department of the Treasury's OFAC has issued a total of 496 derivative designations pursuant to its authorities under the Kingpin Act; these entities and individuals are subject to the same sanctions that apply to kingpins.

Individuals who violate the Kingpin Act are subject to criminal penalties of up to 10 years in prison and/or fines pursuant to Title 18 of the U.S. Code. Entities that violate the Act face criminal penalties in the form of fines up to \$10 million; officers, directors, or agents of an entity who knowingly participate in a violation of the Kingpin Act are subject to criminal penalties of up to 30 years in imprisonment and/or a \$5 million fine. The Kingpin Act also provides for civil penalties of up to \$1.075 million against individuals or entities that violate its provisions.

#### **Foreign Narcotics Traffickers Identified for Sanctions**

The foreign persons that the President has identified today as appropriate for sanctions pursuant to the Kingpin Act are:

Sinaloa Cartel

Los Zetas

La Familia Michoacana

These names are being added to the list of kingpins first announced in June 2000 and updated every year since then. A complete list of individuals and entities sanctioned under the Kingpin Act can be found at [www.treasury.gov/ofac](http://www.treasury.gov/ofac).